

Message Text

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PAGE 01 ROME 06261 181508Z
ACTION EUR-12

INFO OCT-01 EA-09 IO-13 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 L-03 H-02 PRS-01 PA-02 AGRE-00
/122 W

-----182008Z 123555 /46

R 181222Z APR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 4044
TREAS DEPT WASHDC
INFO AMEMBASSY BONN
USMISSION EC BRUSSELS
AMCONSUL FLORENCE
USMISSION GENEVA
USDEL MTN GENEVA
AMCONSUL GENOA
AMEMBASSY LONDON
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY TOKYO
UFHOM/AMCONSUL TRIESTE 1243
AMCONSUL TURIN

UNCLAS ROME 6261

PASS FRB

E.O. 11652: N/A
TAGS: EFINIT
SUBJECT: PRIOR DEPOSIT TERMINATES APRIL 15 WITH LITTLE EFFECT
ON EXCHANGE MARKET

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1. ON APRIL 15 REMAINING 10 PERCENT OF ORIGINAL 50 PERCENT
PRIOR EXCHANGE DEPOSIT FIRST INTRODUCED IN EARLY MAY 1976
WAS ELIMINATED ON SCHEDULE. THIS COMPLETED DISMANTLEMENT
OF PRIOR DEPOSIT (7 PERCENT EXCHANGE TAX WAS ALSO TERMINATED ON
FEBRUARY 18, AS SCHEDULE).

2. ITALIAN PRESS REPORTED THAT ELIMINATION OF PRIOR DEPOSIT HAD

LITTLE EFFECT ON EXCHANGE MARKET APRIL 15. IN FACT, ALTHOUGH VOLUME OF TRANSACTIONS WAS FAIRLY HIGH AND THERE WAS MODEST INTERVENTION IN SUPPORT OF LIRA, MARKET SEEMS TO HAVE ACCEPTED COMPLETE ELIMINATION OF THIS CRUTCH WITHOUT GREAT EXCITEMENT. SOME REPORTS DID POINT OUT THAT RECENT STRENGTH OF LIRA IN EXCHANGE MARKET IS OWED IN NO SMALL PART TO LARGE-SCALE SHORTTERM CAPITAL INFLOWS FROM FOREIGN BANKS, REFLECTING QUANTITATIVE BANK CREDIT CEILINGS AND HIGH INTEREST RATES IN ITALY. EVIDENTLY LOAN DEMAND STILL REMAINS SUFFICIENTLY HIGH IN ITALY AND CONFIDENCE IN LIRA, AT LEAST IN SHORT TERM, IS SUFFICIENTLY STRONG THAT ITALIAN BORROWERS ARE WILLING TO ACCEPT EXCHANGE RISK IN VIEW OF CONTINUED LARGE UNCOVERED SPREAD IN SHORT TERM INTEREST RATES IN FAVOR OF BORROWING ABROAD.GARDNER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, FINANCIAL PROGRAMS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME06261
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770134-0567
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770446/aaaabodh.tel
Line Count: 76
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e26c3aa3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2774915
Secure: OPEN
Status: NATIVE
Subject: PRIOR DEPOSIT TERMINATES APRIL 15 WITH LITTLE EFFECT ON EXCHANGE MARKET UNCLASSIFIED
TAGS: EFIN, IT
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e26c3aa3-c288-dd11-92da-001cc4696bcc
Review Markings:
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